

Message Text

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FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC IMMEDIATE 5661

INFO AEC GERMANTOWN IMMEDIATE

AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRASILLIA IMMEDIATE

C O N F I D E N T I A L IAEA VIENNA 2748

LIMDIS

E.O. 11652: XGDS-1

TAGS: IAEA TECH PARM GW BR

SUBJECT: FRG NUCLEAR COOPERATION WITH BRAZIL

REF: A. STATE 71069; B. STATE 066020

1. WHILE RECOGNIZING SENSITIVE AND DIFFICULT ISSUES POSED FOR US AS RESULT OF PROPOSED FRG NUCLEAR EXPORTS TO BRAZIL, E.G., CREATING SERIOUS COMPLICATIONS IN US NEGOTIATIONS WITH IRAN, THERE IS ONE OTHER ELEMENT THAT I WISH TO BRING TO ATTENTION OF THOSE INVOLVED IN THIS MATTER, PARTICULARLY IN VIEW APRIL 4 TALKS WITH FRG.

2. AS WE UNDERSTAND IT, FRG HAS NO RPT NO INTENTION TO PARTICIPATE IN OR BE PARTY TO WHATEVER SAFEGUARDS ARRANGEMENT IS TO BE WORKED OUT WITH IAEA (PARA 2 REF B). IN OUR VIEW, THIS IS A MOST SERIOUS OMISSION AND I FEAR IT WILL VERY LIKELY LEAD TO ENTIRE RE-HASH OF PROBLEM PRESENTED TO IAEA BOARD OF GOVERNORS OVER ARGENTINE EMBALSE (CANADIAN-SUPPLIED) POWER REACTOR SAFEGUARDS AGREEMENT, WHICH REQUIRED STRENUOUS NEGOTIATIONS AND SPECIAL BOARD MEETING TO RESOLVE, LEAVING RESIDUE OF BITTERNESS ON MANY SIDES. WE ARE CONCERNED THAT FRG, AS SUPPLIER STATE, SEEMS PREPARED TO SIGN COMMERCIAL

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DEAL WITH BRAZIL AND THEN STAND AS AN OBSERVER ON THE SIDE-

LINES WHILE BRAZIL AND IAEA SECRETARIAT (WHICH WILL BE IN THE WEAKER NEGOTIATING POSTURE) ATTEMPT TO NEGOTIATE A SUITABLE SAFEGUARDS AGREEMENT, PARTICULARLY WHEN THERE IS NO RPT NO PRECEDENT AS YET FOR CONCEPT OF "SAFEGUARDING TECHNOLOGY", AND THE ONLY ONE ON THE HORIZON (SEE BELOW) REQUIRES SUPPLIER STATE ALSO TO BE PARTY TO SAFEGUARDS AGREEMENT.

3. I WOULD HOPE US, AS A MINIMUM, WOULD STRONGLY URGE FRG TO PARTICIPATE IN NEGOTIATIONS ON, AND BE PARTY TO, TRILATERAL SAFEGUARDS AGREEMENT WITH BRAZIL AND IAEA. BELIEVE QUESTION OF "SAFEGUARDING TECHNOLOGY" COULD THEN BE HANDLED IN MANNER SIMILAR TO THAT PROPOSED BY SECRETARIAT TO FRENCH AND KOREANS IN CONNECTION WITH CURRENT NEGOTIATION OF THEIR TRILATERAL SAFEGUARDS AGREEMENT, WHICH WE BELIEVE IS SATISFACTORY. (PERTINENT CABLES BEING REPEATED BONN AND BRASILIA.) THE KEY TO THIS APPROACH, HOWEVER, IS THAT THE SUPPLIER STATE IS REQUIRED TO DESIGNATE THE SPECIFIC TECHNOLOGICAL INFORMATION SUPPLIED WHICH PROVIDES THE BASIS FOR THE AGENCY TO APPLY ITS SAFEGUARDS SYSTEM TO ANY NUCLEAR FACILITIES AND EQUIPMENT WHICH ARE DESIGNED, CONSTRUCTED OR OPERATED ON THE BASIS OF OR BY THE USE OF THAT SPECIFIED INFORMATION. THUS, AGENCY WOULD NOT RPT NOT BE DEPENDENT ON WHIMS OF RECIPIENT STATE AS TO WHAT IS AND WHAT IS NOT BROUGHT WITHIN SCOPE OF AGREEMENT. THIS IS PARTICULARLY IMPORTANT IN NON-NPT PARTY STATE, WHICH DOES NOT RPT NOT HAVE ENTIRE FUEL CYCLE COVERED BY SAFEGUARDS.

4. SHOULD ALSO BE NOTED THAT, IF FRG IS NOT RPT NOT INVOLVED IN NEGOTIATIONS OF, OR BECOME PARTY TO, SAFEGUARDS AGREEMENT, AND IF BRAZIL AND IAEA SECRETARIAT ARE NOT RPT NOT ABLE TO REACH AGREEMENT ON SUITABLE TEXT, BRAZIL COULD REFER MATTER TO BOARD OF GOVERNORS. FRG AND US, AS MEMBERS OF BOARD, WOULD THEN HAVE TO TAKE A PUBLIC POSITION ON THE MATTER WHEN IT IS CONSIDERED BY THE BOARD. PORTER

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